

Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 IO-13 ISO-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02
OMB-01 DOE-11 DOEE-00 SSO-00 OIC-02 AF-10 ARA-10
EA-10 EUR-12 NEA-10 /159 W
-----022940 241936Z /45

P 241712Z FEB 78

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 6423

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY LIMA

AMEMBASSY QUITO

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USMTN

STR FOR ACTION

STR PASS CODEL

E.O. 11652: N/A

TAGS: MTN, ETRD, CO, VE, BL, PE, EC

SUBJECT: MTN: CONSULTATIONS WITH ANDEAN GROUP ON US

- OFFERS AND FUTURE WORK PROGRAM

REF: (A) STATE 024987 (B) STATE 031614

1. SUMMARY: US MTN DEL HELD PLURILATERAL CONSULTATIONS
WITH ANDEAN GROUP GENEVA REPRESENTATIVES TO EXPLAIN
IMPORTANCE OF US MTN OFFERS TO ANDEAN GROUP COUNTRIES; TO
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SOLICIT ANY ADDITIONAL REQUESTS BY MARCH 1 OR AS SOON
THEREAFTER AS POSSIBLE; AND TO INDICATE NEED FOR IDENTI-
FICATION OF POSSIBLE ANDEAN CONTRIBUTIONS BY EARLY APRIL.
ANDEAN GROUP INTENSIVELY STUDYING US OFFERS; PLANS TO
SUBMIT ADDITIONAL REQUESTS BY EARLY MARCH; AND WILL SEEK
TO INDICATE AREAS FOR POSSIBLE CONTRIBUTIONS BY EARLY
APRIL. END SUMMARY.

2. US MTN DEL (KNEPPER, MOORE, MEYERS, CASSIDY) MET WITH ANDEAN GROUP REPRESENTATIVES FRIDAY, FEBRUARY 17, TO EXPLAIN US OFFERS ON AGRICULTURE AND INDUSTRIAL TARIFFS AND NON-TARIFF MEASURES (NTM'S). US DEL REVIEWED POINTS CONTAINED REFTELS, AND NOTED ADDITIONAL US OFFERS WOULD BE FORTHCOMING ON REQUESTS BY PRINCIPAL SUPPLIERS ON AGRICULTURAL ITEMS WHICH HAD BEEN RECEIVED TOO LATE FOR CONSIDERATION FOR INCLUSION IN OFFERS TABLED JANUARY 23. US DEL INDICATED -- INTER ALIA -- FOLLOWING PRODUCTS IN US OFFER IN WHICH ANDEAN COUNTRIES HAD SIGNIFICANT TRADE INTERESTS: TSUS 192.20, FRESH CUT FLOWERS; VARIOUS MINERAL ITEMS SUCH AS TSUS 602.30, COPPER BEARING ORES AND TSUS 603.45, TUNGSTEN MATERIALS; AS WELL AS NUMEROUS CLOTHING AND TEXTILE ITEMS.

3. US MTN DEL NOTED THAT IN ORDER TO IMPLEMENT TARIFF CONCESSIONS ON PRODUCTS IN ITS OFFER, THE PRINCIPAL DC BENEFICIARIES OF THE US OFFER WILL NEED TO MAKE EQUIVALENT RECIPROCAL CONCESSIONS, WHILE PRINCIPAL LDC BENEFICIARIES WILL NEED TO MAKE SOME CONTRIBUTIONS TO TRADE LIBERALIZATIONS, CONSISTENT WITH THEIR DEVELOPMENT, FINANCIAL, AND TRADE NEEDS. US MTN DEL HAD INDICATED TO INDIVIDUAL ANDEAN COUNTRIES IN APRIL 1976 SUGGESTED CONTRIBUTIONS IN CONJUNCTION WITH ITS MARCH 1, 1976 OFFER IN THE MTN TROPICAL PRODUCTS (TP) GROUP, BUT HAD NOT RECEIVED ANY LIMITED OFFICIAL USE

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DETAILED RESPONSE FROM ANDEAN COUNTRIES. IN ADDITION, US HAD INDICATED ITS INTERESTS ON AGRICULTURAL PRODUCTS AND NTM'S IN ANDEAN COUNTRIES ON NOVEMBER 1, 1977, AND HAD SUBMITTED A PRELIMINARY INDICATIVE LIST OF NON-AGRICULTURAL ITEMS ON WHICH IMPROVED MARKET ACCESS WOULD BE OF INTEREST TO THE US ON DECEMBER 16. LATTER LIST WAS BEING MADE MORE SPECIFIC BY WASHINGTON AGENCIES, AND WOULD BE AVAILABLE IN THE NEAR FUTURE. WHILE US WAS OPEN IN THE NEGOTIATIONS ON SPECIFIC ANDEAN CONTRIBUTIONS, US INDICATIONS OF ITS EXPORT INTERESTS PROVIDED A RANGE FOR POSSIBLE RESPONSES.

4. US MTN DEL NOTED THAT ITS MARCH 1, 1976 TP OFFER REMAINED ON THE TABLE AT PRESENT, AND THAT NEGOTIATIONS WERE UNDERWAY WITH SEVERAL COUNTRIES THAT COULD LEAD TO IMPLEMENTATIONS OF ADDITIONAL PARTS OF US TP OFFER.

5. ANDEAN GROUP SPOKESMAN WAS ECUADOR'S ECONOMIC MINISTER, WASHINGTON HERRERA, WHO STATED THAT ANDEAN COUNTRIES WERE CLOSELY STUDYING US OFFER, AND PREPARING ADDITIONAL REQUESTS TO PRESENT TO US IN NEAR FUTURE. HE STATED THAT THOSE ANDEAN GROUP REQUESTS IN TP GROUP THAT WERE REPEATED

IN GROUP AGRICULTURE WERE OF PARTICULAR IMPORTANCE TO ANDEANS, AND REQUESTED MAXIMUM REDUCTIONS AND MOST RAPID STAGING ON THOSE ITEMS. ANDEANS HAD NOT REPEATED IN GROUP AGRICULTURE THOSE REQUESTS ON WHICH THEY SATISFIED WITH US OFFER IN TP GROUP, BUT WOULD DO SO GIVEN UNCERTAINTY AS TO HOW LONG US TP OFFER WOULD REMAIN ON THE TABLE. ANDEAN GROUP SPOKESMAN NOTED THEIR INTEREST IN MANY PRODUCTS ON WHICH THEY WERE NOT PRINCIPAL SUPPLIERS, AND CONCERN US WOULD ONLY MAKE OFFERS ON AGRICULTURAL ITEMS IN RESPONSE TO REQUEST BY PRINCIPAL SUPPLIER. ANDEAN SPOKESMAN ALSO CRITICIZED CONTINUING EXCLUSION OF OPEC MEMBERS ECUADOR AND VENEZUELA FROM US GSP, SUGGESTING THAT INCORPORATION INTO US OFFER OF MFN TARIFF REDUCTIONS ON THOSE GSP PRODUCTS OF INTEREST TO ECUADOR LIMITED OFFICIAL USE

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INFO AMEMBASSY BOGOTA
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USMTN

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AND VENEZUELA WOULD BE "PAINLESS" WAY FOR US TO REDUCE
PRESENT DISCRIMINATION.

6. CONCERNING ANDEAN GROUP POSSIBLE CONTRIBUTIONS TO TRADE
LIBERALIZATION, ECUADORIAN SPOKESMEN HOPED THAT INDICA-
TIONS OF THESE COULD BE FORTHCOMING BY MID-APRIL OR SOONER.
HE NOTED THAT US EXPORTS TO THE REGION HAD BEEN RISING
RAPIDLY AND THAT US WAS BENEFICIARY OF IMPORT LIBERALIZA-
TION THAT ALREADY HAD TAKEN PLACE AND HOPED THIS LIBERALI-
ZATION COULD BE CONSIDERED AS PART OF ANDEAN MTN CONTRI-
BUTION. HE NOTED THAT ANDEAN GROUP HAD NOT ENTERED INTO
SERIOUS NEGOTIATIONS WITH US IN TP GROUP, AS US OFFER HAD
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NOT BEEN SUFFICIENT TO WARRANT CONCLUDING SEPARATE AGREE-
MENTS. HE NOTED THAT ANDEAN GROUP CONTRIBUTIONS WOULD
DEPEND ON BENEFITS TO INDIVIDUAL COUNTRIES, AND THAT TYPE
OF RESPONSES WOULD VARY FROM COUNTRY TO COUNTRY AS TO
WHETHER THESE WERE TARIFF OR NON-TARIFF OR MORE GENERAL
EASING OF OBSTACLES TO IMPORTS. IN GENERAL, HOWEVER, HE
BELIEVED US HAD ASKED FOR MUCH MORE FROM ANDEANS THAN THEY
WOULD RECEIVE FROM US OFFERS. HE ALSO NOTED THAT INTRA-
ANDEAN NEGOTIATION OF UPPER LIMITS OF CXT DURING CY1978,
FOR BEGINNING IMPLEMENTATION END OF 1979, RESTRICTED FREE-
DOM OF INDIVIDUAL ANDEAN COUNTRIES TO MAKE CONTRIBUTIONS.

7. COMMENT: US MTN DEL IS CONTINUING TO FOLLOW-UP ON
PLURILATERAL MEETING WITH BILATERALS WITH VARIOUS ANDEAN
COUNTRIES. POTENTIAL BENEFICIARIES OF US OFFERS VARY
WIDELY WITHIN ANDEAN GROUP. PERU, FOLLOWED BY COLOMBIA,
ARE PRINCIPAL BENEFICIARIES WHILE POTENTIAL BENEFITS TO
OTHER THREE ANDEAN MEMBERS ARE OF A SUBSTANTIALLY LOWER
ORDER OF MAGNITUDE.

8. ACTION REQUESTED: US MTN DEL WOULD APPRECIATE
WASHINGTON AGENCIES/EMBASSY EVALUATIONS/COMMENTS ON
POTENTIAL RESTRICTIVE EFFECT OF 1978 INTRA-ANDEAN NEGOTI-
ATIONS ON UPPER LIMITS OF CXT AND ABILITY OF INDIVIDUAL
ANDEAN COUNTRIES TO MAKE CONTRIBUTIONS ON TARIFFS TO MTN.

9. DRAFTED BY KNEPPER. CULBERT

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